



Georgia Technology Authority

Georgia Technology Authority

Consolidated Enterprise IT Fiscal Oversight *Assessment*

April 7, 2010

Business Owner:
Joe Webb, GTA CFO

Strategic Coordinator:
Joe Coberly

Contributors:
Woody Dover
Tom Fruman
Steve Nichols
Teresa Reilly
Kevin Stanford

Contents

- 1. Executive Summary..... 3**
 - 1.1. Practical Capabilities and Leadership-Enabled Capabilities 4
 - 1.2. Limiting Assumptions 6
 - 1.3. Leadership Action 7
- 2. Course of Action..... 8**
 - 2.1. Phased Action Plan..... 8
 - 2.2. Desired State 8
 - 2.3. Practical Capabilities..... 9
 - 2.4. Practical in the Near-Term (by December 31, 2010) 9
 - 2.5. Practical in the Mid-Term (by December 31, 2011)10
 - 2.6. Practical in the Long-Term (by December 31, 2013 or later)11
 - 2.7. Leadership-Enabled Capabilities.....11
 - 2.8. Leadership Actions Needed12
- 3. Team Methodology and Findings..... 14**
 - 3.3. Current State15
- 4. Measuring Results..... 18**
- 5. Appendix – Project Tracking 20**
- 6. Appendix – Budget Activities Timeline and Action 22**
- 7. References 24**

1. Executive Summary

GTA has embarked on a long-term transformation that will align Georgia’s information technology (IT) with the Governor’s vision and the needs of Georgia agencies and other government entities. The transition began with infrastructure and managed network services – the areas that presented the greatest risk to Georgia and its citizenry. This phase of the transformation is underway and is known as Georgia Enterprise Technology Services (GETS).

This paper assesses the fiscal oversight needed for future transformation phases that will focus on governing (not managing) agency-owned IT applications, and later on identifying and enabling statewide business processes. GTA will need better access to agency IT financial information to better understand how resources are used and to provide recommendations for IT investments to Georgia leadership. One immediate use of statewide IT fiscal information is supporting an Application Portfolio Management capability that is under development. This paper describes current access to agency IT fiscal information and outlines a desired state that will allow better decision making with a consolidated enterprise view of IT finances.

Realizing enterprise IT fiscal oversight will not be easy. New governance processes will be needed from Georgia’s Office of Planning and Budget (OPB) and the State Accounting Office (SAO); agencies will need to modify the way they report budget and spending information; and there are significant cultural barriers to full information sharing from agencies. There are issues with tracking spending today. According to the State Auditor in the Budgetary Compliance Report for 2009, “Based on our testing it does not appear that all budget units completely and accurately maintained their accounting records at the legal level of budgetary control. As a result, reliance upon the ‘actual’ and ‘variance’ amounts in the budgetary comparison schedules for decision making purposes is not advised.”¹ There are also issues with program budgeting in Georgia as described by Georgia Senate Budget and Evaluation Office Director Carolyn Bourdeaux in her 2007 report on Program Budgeting in Georgia.²

¹: Independent Accountant’s Report on Applying Agreed-Upon Procedures, Russell W. Hinton, State Auditor. (Contained in: State of Georgia Budgetary Compliance Report for the Fiscal Year Ended June 30, 2009, Prepared by the State Accounting Office.).

² *An Analysis of the Implementation of Program Budgeting in Georgia*, Carolyn Bourdeaux. This report discusses the challenges faced by the State of Georgia in the transition to program budgeting. FRC 147 (March 2007), <http://aysps.gsu.edu/frc/files/report147.pdf> .

Consolidated Enterprise IT Fiscal Oversight

There is value in understanding the cost of implementing and using IT at agencies. According to the Pew Center for the States, better means of evaluating performance, including better spending information, is crucial in evaluating the effectiveness of government spending.³ ⁴ Also, consolidating fiscal oversight for IT lessens redundant spending across agencies. According to a Computerworld Honors Case Study in 2009:

“When each agency supported all of their own IT efforts, IT expenditures and contracts were widely distributed. Thus, most expenditures were relatively invisible. By way of example, imagine that 20 agencies each paid \$25,000 for a specific IT service or component. Even though the total is \$5 million, chances are that a series of \$25,000 expenditures across different agencies, probably at different times, might well be viewed as routine in the day-to-day purchasing volume of state government. And, frankly, prior to the ERP system, there were myriad ways such purchases could be appropriately coded.

“In a shared services environment, OA/OIT might be able to procure the same services for \$4 million. The paradox is that funding silos appear cheaper because it is nearly impossible to forensically trace back similar expenditures to show the \$1 million savings. Thus it is easy to perceive that IT expenses actually grew by an eye-popping \$4 million.”⁵

Georgia has the ERP systems to track spending, but will require better IT fiscal governance to realize their full advantage.

1.1. Practical Capabilities and Leadership-Enabled Capabilities

To establish an Enterprise IT Budget Framework, we will need new capabilities. We’ve identified two classes of capabilities. “Practical Capabilities” encompass what we can do under current constraints. We believe we can provide Practical Capabilities with limited function using currently available data.⁶ The second class, “Leadership-Enabled Capabilities,” require significant leadership action outside of

³ The Pew Center on the States, “Trade-off Time: How Four States Continue to Deliver,” February, 2009, p. 28.

⁴ The Pew Charitable Trusts, “Policy Framework to Strengthen State Government Planning, Budgeting and Accountability,” March 2010, p. 4

⁵ The Computerworld Honors Program: Honoring those who use Information Technology to benefit society, Commonwealth of Pennsylvania - Office of Administration, Office for Information Technology, 2009.
(<http://www.cwhonors.org/CaseStudy/viewCaseStudy2009.asp?NominationID=124&Username=PeNNC>)

⁶ Currently available data is mainly self-reported by agencies with little or no governance over how it is reported.

Consolidated Enterprise IT Fiscal Oversight

GTA. In the “Recommended Actions” section of this paper, we present a three-phased action plan that covers both Practical and Leadership-Enabled capabilities.

Practical Capabilities are listed below. A description of how they will be provided is given later in this paper. While possible under current constraints, even Practical Capabilities will require additional resources and time to achieve.

Practical Capability ⁷	Delivery Timeframe
<ul style="list-style-type: none"> Track and Report GETS Agency IT Spending Across Fiscal Years, for Enterprise IT Contracts and for IT Personnel Services 	Near-Term
<ul style="list-style-type: none"> Understand and Report IT Project Spend by Project 	Near-Term
<ul style="list-style-type: none"> Identify and Report IT Personnel Services⁸ 	Mid-Term
<ul style="list-style-type: none"> Perform Analytics on Spending Data 	Mid-Term
<ul style="list-style-type: none"> Do what-if modeling for project financials/impact of decisions 	Long-Term

Table 1. Practical Capabilities

Some capabilities necessary for a robust consolidated view of enterprise IT finances will require significant process and governance change. These Leadership-Enabled capabilities will require change in agencies where GTA has little or no authority. These are listed below and discussed later in this paper.⁹

Leadership-Enabled Capability	Delivery Timeframe
<ul style="list-style-type: none"> Report IT budget and spending by application, infrastructure, and projects with a breakdown of maintenance vs. development. 	Mid-Term
<ul style="list-style-type: none"> Compare actuals to budget by category (account or sub account). 	Long-Term
<ul style="list-style-type: none"> Provide a budget for IT funding sources (federal grants, legislation, etc). 	Long-Term

⁷ Although we will be able to improve the information GTA provides to Georgia State leadership with the data and processes we have today, our ability to provide this information will be limited by the quality of the data available. Also, even these “Practical Capabilities” will require additional resources.

⁸ Spending for “Shadow IT” roles will be difficult to capture under limiting assumptions.

⁹ See section 2.7 in this paper for more detail on leadership-enabled capabilities.

Consolidated Enterprise IT Fiscal Oversight

Leadership-Enabled Capability	Delivery Timeframe
<ul style="list-style-type: none">Establish time tracking and report related IT expenses for all executive agencies.	Long-Term

Table 2. Leadership-Enabled Capabilities

1.2. Limiting Assumptions

To differentiate what is possible without significant external effort, we made some key assumptions about what we could not change without reaching outside GTA. Additionally, we have the expertise to provide these capabilities, but we do not have the resources to do so while remaining proficient in providing existing financial services. To overcome our limiting assumptions, we will need to facilitate change at the Governor's Office of Planning and Budget, the State Accounting Office, and across agencies whose business goals we hope to facilitate through more effective use of technology.

High-level state leadership will need to change the way enterprise service agencies track information, fundamentally change the way state employees track their activities, and in some cases change agency culture. Our limiting assumptions are provided below:

1. We will consider only executive branch agencies that currently use PeopleSoft Financials.
2. OPB will continue to manage budget at a high level (funds allocated by program according to the current appropriations bill). Although OPB requires more detailed budget information as part of the annual budget submission, they do not verify account level detail. ¹⁰
3. SAO will continue to track spending on chart of accounts. ¹¹
4. Agencies will continue to prefer reporting spending "rolled-up" and will be reluctant to provide detailed budget plans. ¹²

Table 3. Limiting Assumptions

¹⁰ OPB will need to change the way it manages IT budget to get the full functionality we recommend for Enterprise IT Budget and Spending.

¹¹ SAO will need to assert more control in governing how agencies report IT spending at the object class and account level to get the full functionality we recommend for Enterprise IT Budget and Spending.

¹² Agencies will need to embrace a more open and transparent culture of sharing IT plans and data to get the full functionality we recommend for Enterprise IT Budget and Spending.

Consolidated Enterprise IT Fiscal Oversight

1.3. Leadership Action

While we can add some significant capabilities under our limiting assumptions, leadership action at the enterprise level will be needed to achieve the full vision of data-driven decision making around enterprise IT spending. The actions we've identified for leadership are listed in the table below and discussed in more detail in the next section.

<ul style="list-style-type: none">• Convince state leadership of benefits
<ul style="list-style-type: none">• Convince OPB to change budget information collection practices (Hyperion module would help link budget to spending).
<ul style="list-style-type: none">• Modify PeopleSoft to capture the necessary data.
<ul style="list-style-type: none">• Convince SAO to require more standard IT detail in agency spending reports.
<ul style="list-style-type: none">• Convince executive agencies to track time spent on IT activities.
<ul style="list-style-type: none">• Establish a trust account for IT budget and expenditures that is controlled by Georgia Leadership.

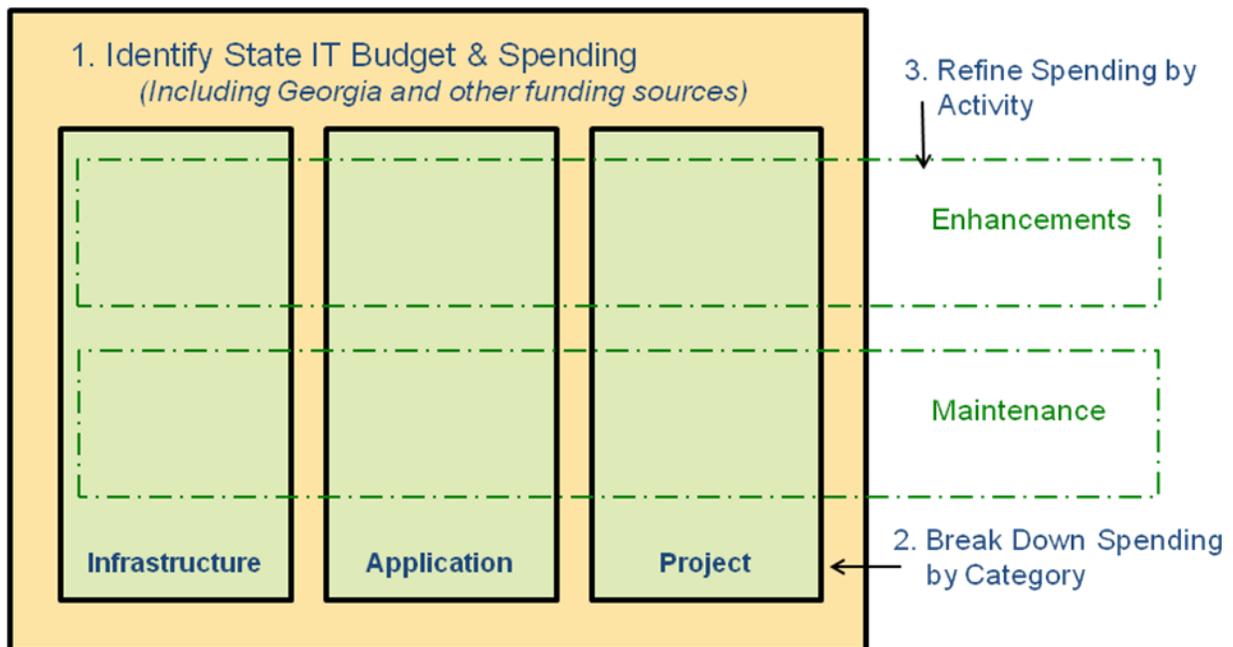
Table 4. Leadership Actions Needed¹³

¹³ See more detailed actions in section 2.8 - Leadership Actions Needed.

2. Course of Action

2.1. Phased Action Plan

We've provided a high-level phased action plan for delivering the Practical and Leadership-Enabled Capabilities identified above. The diagram below depicts the three phases of action for Enterprise IT Budget and Spending. The quality of the results will depend on the degree of enterprise-wide changes in how agencies report budget and spending to OPB and SAO.



2.2. Desired State

Ultimately this Enterprise IT Budget exercise supports making Georgia the best managed state. To that end we seek to identify the capabilities needed to provide data to support good management decisions when it comes to IT spending across the State of Georgia. However, given the limiting assumptions above, we recognize the difficulty of meeting some of the vision set forward by our Executive Director. We have analyzed the capabilities we need and put them into two action scenarios for the future of Georgia. Both scenarios have activities that may be accomplished sooner and some that will take longer to accomplish. The difference between the two scenarios is that one is possible without significant changes in the way Georgia handles IT budget information and the other requires leadership intervention.

For both scenarios we have divided capabilities into three categories: gathering data, analyzing data, and presenting intelligence. For capabilities that are possible today, the determining factor for when we

Consolidated Enterprise IT Fiscal Oversight

will be able to deliver facts to leadership for decision making is access to GTA resources and continued cooperation from OPB and SAO. Under the Leadership-enabled scenarios, gathering necessary data for good decisions is more of a problem than analyzing the data or presenting the results.

2.3. Practical Capabilities

This effort takes an enterprise view of how key agencies in Georgia track IT spending. In doing so we identified a number of capabilities achievable without changing the way agencies report budgets or track spending. Some of what we identify here will require additional resources, new technology or new processes requiring internal GTA change, but none should require intervention in other agencies by leadership outside of GTA.

2.4. Practical in the Near-Term (by December 31, 2010)

The following capabilities rely on data we are reliably gathering today and that are easily accessible. The new effort to use this will require additional resources possibly to include additional staff, new software, consultants, or new services.

Track and Report GETS Agency IT Spending Across Fiscal Years, for Enterprise IT Contracts and for IT Personnel Services

Tracking IT expenditures on a monthly basis, understanding IT contractor spend, and tracking IT expenditures across years are all near-term goals that can be attained given some limiting factors. The means by which the information is gathered in order to meet each goal is essentially the same. Some limitations to keep in mind are that when gathering the data independently of agencies one is limited to assessing the data from the perspective of the state chart of accounts, within a given agency's program and subprogram structure. Also, if an IT expense takes place outside the proper account it will be difficult, if not impossible, to account for the expense as being IT-related.

Given these limitations, with proper access, GTA could gather the required data through the use of PeopleSoft HCM and Financial queries and reports. The HCM system would be used to assess spend related to Personal Services (see discussion on personnel services in the "Identify and Report IT Personnel Services" section below). Financials would be used to run Budget Comparison Reports and General Ledger Combined Detail Reports, supplemented with budget and accounting queries, which would enable one to see what has been budgeted and expensed by account. In order to gather the IT-related data one would only need to focus on the specific IT accounts within the Computer Charges subclass, the Telecommunications subclass, and the Contractor subclass. This process would enable GTA to assess and track the majority of IT expenditures within the PeopleSoft framework.

2.5. Practical in the Mid-Term (by December 31, 2011)

Understand and Report IT Project Spend (by Project for Tier1 and Tier 2 Projects)

IT Project Spend is captured and used at various points in the life cycle. The first point of capture occurs during the concept or initiation stage in the life cycle when the business is planning for the investment in an IT project. GTA captures this information as part of the Agency Project Request (APR). In order to be funded by the Office of Planning & Budget executive branch agencies whose leadership is not elected require an APR for IT projects estimated to cost \$100,000 or more. IT Project financial information which is captured within the APR is Total Cost of Ownership (TCO) over a five-year period for the project/investment, a more detailed break-down of the costs by account code and by fiscal year for the first and second year of funding, and a break-out of state funding expected verses federal funding verses other fund sources.

Once a project has been approved with funding, it is evaluated based on criticality, complexity and cost to determine its overall level of importance to the enterprise. IT projects which are deemed Tier 1, the highest level, which generally includes projects over \$5 million and/or considered critical to the enterprise, will be monitored and tracked monthly until successfully delivered or cancelled. The monthly tracking of IT project spend is based on the monthly financial spend planned versus the actual spend that has occurred. This information is also used to determine overall earned value, which is a measure of progress and used to determine whether the project is on track to deliver successfully. These monthly reviews occur with a GTA panel and with a Governor's Office panel, to ensure there is appropriate attention and focus for the project to successfully achieve its objectives within the budget and schedule defined.

Identify and Report IT Personnel Services

When it comes to Personal Services, salaries and benefits for state employees, assessing IT-related expenditures may only be attained by gathering the spend related to positions classified as IT-related. Those doing IT-related work but not in a position classified as IT will not be accounted for independently. The PeopleSoft HCM system would be used to assess spending related to Personal Services.

Perform Analytics on Spending Data

We'll need the capability to perform analytics on the data: to be able to run queries to test for relationships among the data, to look for trends, and to do what-if modeling. In order to do that, we'll need a system to act as a data warehouse. This would mean a database system designed specifically to store data, store relationships among data, and keep the data over a long period of time. A data warehouse

Consolidated Enterprise IT Fiscal Oversight

system receives transactional data from many operational databases. The process of extracting data from those operational databases and moving it into a data warehouse is usually called ETL for short:

E – Extract the data from the operational database

T – Transform the data

L – Load the data into the warehouse

ETL is performed on regular basis, perhaps nightly or weekly. In our case, we have general ledger data residing in PeopleSoft Financials, budget data residing in BudgetNet (and PeopleSoft), personnel data residing in PeopleSoft HCM, planning data in HORIZON, and possibly some other systems. Also, these systems are designed to be primarily transactional, so we may be losing some information over time about what was intended as the data gets edited. To analyze what is going on, we'll need to pull all of that data out of those systems (the “extract” phase), relate the data to each other to make it meaningful (the “transform” phase), and load it all in one place in order to analyze.

2.6. Practical in the Long-Term (by December 31, 2013 or later)

Ability to do what-if modeling for project financials/impact of decisions

The ability to do what-if modeling requires all of the data manipulation capabilities described above under “Perform Analytics on Spending Data,” and also requires more sophisticated analytical capabilities that will likely take additional time to acquire. What-if modeling allows the analyst to describe a desired outcome and receive a fact-based description of other likely consequences that might be overlooked with a more linear analysis approach. Most likely a specialized financial analytic tool will be needed for what-if modeling.

2.7. Leadership-Enabled Capabilities

While we can add some significant capabilities under our limiting assumptions, leadership action at the enterprise level will be needed to achieve the full vision of data-driven decision making around enterprise IT spending. The following capabilities will be possible with the right leadership action. The actions taken will need to change budgeting and spend-tracking processes used by key enterprise service agencies (Primarily OPB and SAO). The cultural changes needed for success may be difficult without top-level leadership resolve. The U.S. Department of Health used the following principles to ensure the cultural and philosophic shift to a new financial system:

- Vesting participants for success

Consolidated Enterprise IT Fiscal Oversight

- Employing an inclusive governance model
- Spreading the budget across multiple operating divisions
- Leveraging a schedule-driven approach¹⁴

The following capabilities, needed to achieve higher levels of fiscal insight across the enterprise, will require significant leadership support:

- Report IT budget and spending by application, infrastructure, and projects with a breakdown of maintenance vs. development.

At the current time, budget and spending for applications is not well reported. While we can instill voluntary agency reporting of this information, for assured insight we will need more reliable information from agencies.

- Compare actuals to budget by category (account or sub account).

Success comparing actuals to budget with the desired detail will require more governance over how agencies report fiscal information, both to OPB and to SAO. This will require a cultural shift similar to the one described by the U.S. Department of Health.⁹ Such change will require active support from the highest level in state government.

- Provide a budget for IT funding sources (federal grants, legislation, etc).

Tracking budget for IT funding sources outside the state is difficult to do in advance because often agencies don't know how much federal funding they will receive within the state budget cycle. This is something that will be difficult to overcome regardless of any leadership action.

- Establish time tracking and report related IT expenses for all executive agencies.

Tracking time spent by state employees on work done is outside of current Georgia culture. Significant leadership effort, both at the top levels of Georgia government and within affected agencies will be needed. (Again, we will need actions similar to those described by the U.S. Department of Health.⁹)

Table 5. Leadership-Enabled Capabilities - Detail

2.8. Leadership Actions Needed

While we can begin to offer some enterprise IT fiscal oversight functions without significant leadership intervention, to achieve the full vision of the State CIO, we will need actions from the highest

¹⁴ The Computerworld Honors Program: Honoring those who use Information Technology to benefit society, Dept of Health and Human Services, 2008. (<http://www.cwhonors.org/viewCaseStudy2008.asp?NominationID=700>)

Consolidated Enterprise IT Fiscal Oversight

levels of Georgia leadership. The following leadership actions will enable the capabilities described in this section of the report.

1. Convince state leadership of benefits.

The first action for GTA will be to convince State leadership that a better understanding of consolidated IT fiscal matters will be worth the significant effort needed to make it happen. The effort necessary to get the desired fiscal IT oversight will be great enough that it will make sense to reform all fiscal oversight.

2. Convince OPB to change budget information collection practices (Hyperion module would help link budget to spending).

Currently OPB uses its own tools to collect budget information and doesn't validate budget information at the same level of detail as SAO tracks spending. OPB may need to consider new, off-the-shelf tools or services that integrate better with Georgia's ERP system (currently PeopleSoft Financials).

3. Modify PeopleSoft to capture the necessary data.

4. Convince SAO to require more standard IT detail in agency spending reports.

SAO currently has the ability to capture the detail needed for fiscal IT oversight, but does not have the rules, standards and guidelines in place to assure that all agencies use the ERP tool capabilities uniformly.

5. Convince executive agencies to track time spent on IT activities.

To understand the true cost associated with IT, agencies will need to track employee time spent developing and using applications to achieve agency results.

6. Establish a trust account for IT budget and expenditures that is controlled by Georgia leadership.

Table 6. Leadership Actions Needed - Detail

3. Team Methodology and Findings

This report focuses on the Enterprise IT Budget Framework and describes what we have today and what we can do in the future without significant State of Georgia leadership, and what we could do with some specific intervention from key Georgia leaders.

The starting point for this activity was to establish a three-year action plan to achieve the following high-level target:

- | |
|---|
| <ul style="list-style-type: none">• Identify State IT Budget & Spending (Including Georgia and other funding sources) |
| <ul style="list-style-type: none">• Break Down Spending by Category (infrastructure, applications, projects) |
| <ul style="list-style-type: none">• Refine Spending by Activity (maintenance, enhancements) |

Table 7. High-Level Target

GTA's Executive Director established a team with expertise in finance, budget, PeopleSoft, spend tracking, portfolio management, state use of technology, and strategic planning. The team took the following actions over the course of about 10 weeks:

- | |
|--|
| <ul style="list-style-type: none">• Identified salient aspects of the current state at a working level. |
| <ul style="list-style-type: none">• Reviewed the desired state as defined through the vision of GTA's Executive Director and State CIO. |
| <ul style="list-style-type: none">• Established the capabilities needed. |
| <ul style="list-style-type: none">• Identified assumptions about the current situation in Georgia that will limit the results of this effort. |
| <ul style="list-style-type: none">• Defined two target end states: A practical solution that can be achieved without significant action on the part of GTA and state leadership, and a leadership-enabled solution that would be more beneficial, but will need significant leadership action to achieve full results. |

Table 8. Enterprise IT Fiscal Oversight Team Results

Consolidated Enterprise IT Fiscal Oversight

3.3. Current State

We began by examining how agencies formulate their budgets for IT activities and how they track spending to budget. In Georgia, executive agencies submit annual budgets to OPB by May 31 each year. To submit their annual budgets to OPB, agencies use a Web-based application called BudgetNet that was designed and implemented by OPB. OPB is responsible for approving the agency budget by June 30. Georgia law requires that agencies only spend money that has been budgeted and approved by OPB.

Georgia law also requires that agencies submit budgets by program, object class and account. Programs are defined by each agency and are fairly high-level. For example, GTA has three programs to describe budget of about \$240M. Agencies may submit budget at a lower “sub-program” level, also defined by individual agencies. Agencies are also required to identify object classes and account codes, well-defined accounting categories. How budgets are broken down into object classes and account codes is not specified by OPB, so it is nearly impossible to understand how agencies anticipate spending funds on IT – understanding the breakdown of IT spending – in advance. For a visual reference, the following shows how agency budgets are submitted to OPB:

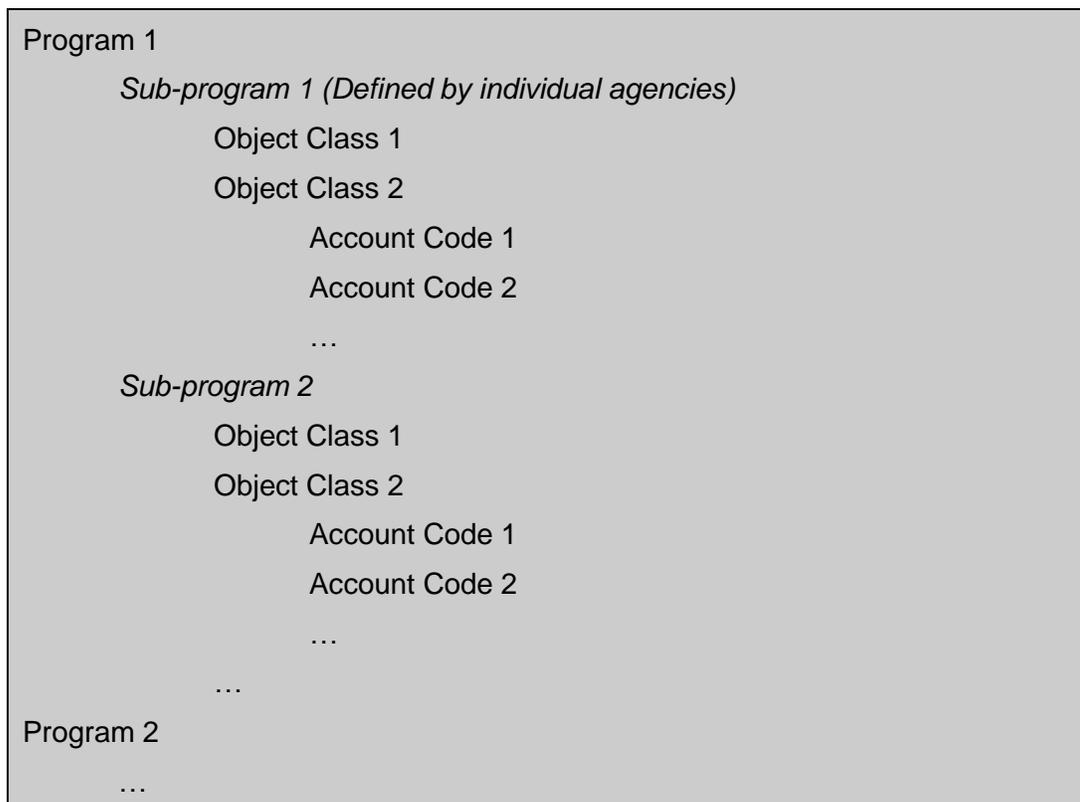


Figure 1. Levels of Budget submitted to OPB (italicized levels are optional)

Consolidated Enterprise IT Fiscal Oversight

In order to spend funds most executive agencies must enter their budgets into the PeopleSoft Financials (accounting software). This must be done by the beginning of the state fiscal year (July 1) in order to begin spending funds. The budget entered into PeopleSoft by July 1 should match the budget submitted to OPB by May 31, but they are entered separately and so are prone to clerical mistakes.

Agency budgets are entered into PeopleSoft using generally accepted accounting principles. For spending, budgets information is not only entered by program as in OPB's BudgetNet, but also at the "sub-program" level (defined by agencies), the "department" level (defined by agencies), the "object class" level (well-defined accounting categories), and the "account" level (well-defined accounting categories). Although the fine-grained account level spending is based on well-defined accounting categories, there is no governance on how agencies use the categories. The result is that there are significant inconsistencies in the way agencies report spending on IT.

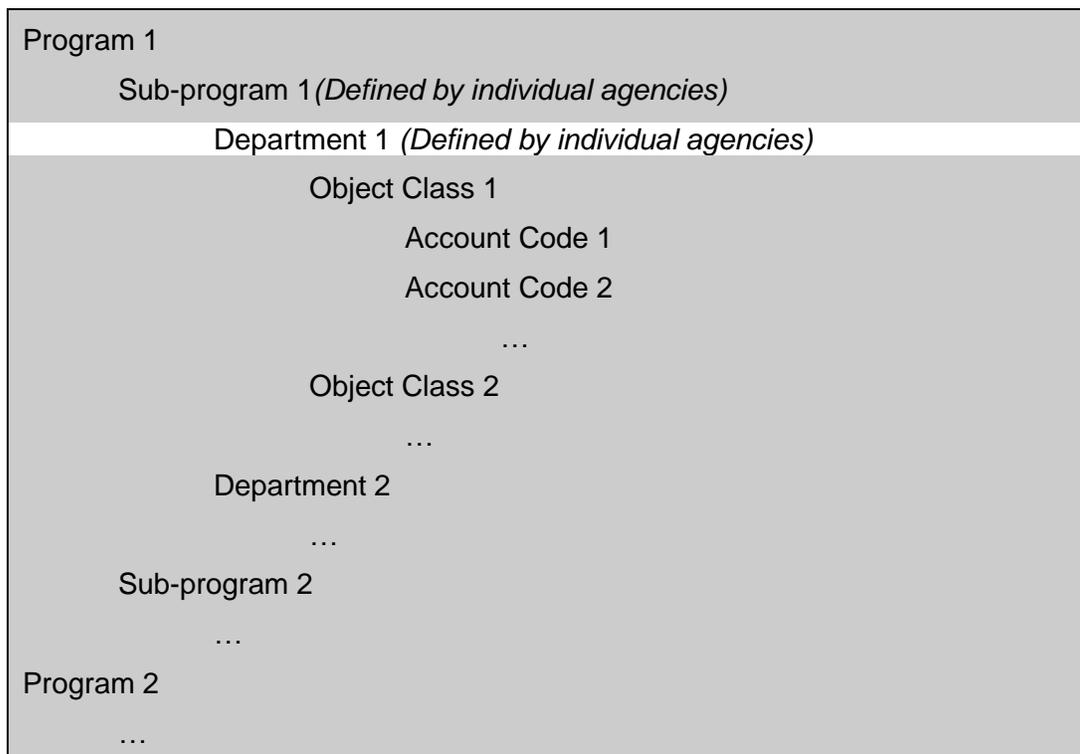


Figure 2. Levels of Budget tracked using PeopleSoft financials

As a concrete example of the type of issue with making decisions using currently available information, according to the Budgetary Compliance Report for 2009, "Based on our testing it does not appear that all budget units completely and accurately maintained their accounting records at the legal

Consolidated Enterprise IT Fiscal Oversight

level of budgetary control. As a result, reliance upon the ‘actual’ and ‘variance’ amounts in the budgetary comparison schedules for decision making purposes is not advised.”¹⁵

To characterize the current state, we looked at whether aspects of the current state were driven by people, processes or technology. Then we listed the most important aspects based on the desired vision of our Executive Director. The following shows the key elements of the current state.

People

- Time tracking is not part of state culture

Processes

- Responsibility for tracking budget and spending are outside of GTA.
- The state does not govern detailed quality of budget/spending tracking.
- Not all non-state (including federal) funds are included in the annual budget.
- State agencies do not track time spent on IT activities.
- OPB and SAO have separate, manually entered versions of budgets.
- Agencies do not identify application spending in annual budgets.
- For GTA-managed services at GETS agencies we have:
 - IT budget requirements for GTA-managed services at agency level and service level (i.e. mainframe, server, and voice) based on consumption and demand.
 - Agency-level IT expenditures detail (service tower level of detail).

Technology

- PeopleSoft has one uniquely identified account for IT budget of GETS services and 14 accounts for non-GETS IT services.
- PeopleSoft has two accounts for IT expenditure of GETS services (Infrastructure & Managed Network Services) and 78 accounts for non-GETS IT services.
- OPB has its own tool (BudgetNet) for capturing budget that must be synchronized with PeopleSoft in a semi-manual process.
- COTS tools or online services that could enhance PeopleSoft planning functions are now available.

¹⁵: Independent Accountant’s Report on Applying Agreed-Upon Procedures, Russell W. Hinton, State Auditor. (Contained in: State of Georgia Budgetary Compliance Report for the Fiscal Year Ended June 30, 2009, Prepared by the State Accounting Office.).

4. Measuring Results

As this effort moves forward, the execution team will need to establish clear measures for progress from our current state to our desired state. To allow GTA leadership to compare the results of the execution phases to other similar activities and to report results using a standard approach, the planning team has identified the Hackett IT Taxonomy as a starting point for tracking high-level IT budget and spending.¹⁶

Each of the columns in the table below identifies a general spending area, with more detailed spending categories under the column. One of the early activities of the delivery team would be to identify which of the Hackett spending categories are pertinent and have associated data that is accessible within the limiting assumptions appropriate for the action.

Technology Infrastructure	Application Management	Planning and Strategy¹⁷	Management and Administration
Infrastructure Management	Application Maintenance	IT Business Planning	Function Management
<ul style="list-style-type: none"> ▪ Operations Management ▪ Security Management ▪ Disaster Recovery Planning 	<ul style="list-style-type: none"> ▪ Application Support ▪ Enhancement Delivery ▪ Upgrade Execution 	<ul style="list-style-type: none"> ▪ Alignment ▪ Project Prioritization ▪ Communication 	<ul style="list-style-type: none"> ▪ Function Oversight ▪ Personnel Management ▪ Policies and Procedures Oversight
End User Support	Application Development and Implementation	Enterprise Architecture Planning	
<ul style="list-style-type: none"> ▪ Application Maintenance ▪ Help Desk ▪ End User Training 	<ul style="list-style-type: none"> ▪ Planning ▪ Constructing ▪ Implementing 	<ul style="list-style-type: none"> ▪ Governance ▪ Standards Management 	

¹⁶ Hackett Group report, presented to The State of Georgia on August 23, 2007, page 9, (Hackett's IT Taxonomy of 11 Processes).

¹⁷ For comparison purposes, Control & Risk Management will be included in the Planning & Strategy Process Group

Consolidated Enterprise IT Fiscal Oversight

Infrastructure Development		Emerging Technologies	
<ul style="list-style-type: none">▪ Application Maintenance▪ Planning▪ Construct▪ Implement		<ul style="list-style-type: none">▪ Technology Evaluation▪ Quality Assurance*▪ Change Management▪ Risk Management*▪ Audit and Compliance	

Table 9. Hackett's IT Taxonomy of 11 Processes

5. Appendix – Project Tracking

This appendix contains a brief description of how GTA tracks IT projects of interest to state leadership.

Project tracking begins with the submittal of an Agency Project Request (APR). The information captured in the APR includes the project budget for 2 fiscal years, along with an estimate of the Total Cost of Ownership over a 5-year period. The project budget information is requested to be detailed by account as captured in the budget and accounting systems (see example in email below).

Once the project is approved and funded, the project financial tracking occurs monthly and is reported as follows:

FINANCIALS: Previous Actuals to Date							FINANCIALS: Previous Projected		
Total Budget (State) (a)	Total Budget (Other Funds) (b)	Total Project Budget (c) (a + b)	Total Planned Expenditures (Project to Date) (d)	Total Actual Expenditures (Project to Date) (e)	Expenditure Variance ('+' = Overbudget, '-' = Underbudget) (f) (e - d)	Available Funds to Complete Project (g) (c - e)	Estimate Funds Needed to Complete Project (h)	Budget Variance (i) (g - h)	
\$18,455,810.00	\$18,455,810.00	\$36,911,620	\$15,704,570.00	\$15,704,570.00	\$0	\$21,207,050	\$21,207,050.00	\$0	
FINANCIALS: Current Actuals to Date							FINANCIALS: Projected		
\$18,455,810	\$18,455,810	\$36,911,620	\$25,568,198	\$25,568,198	\$0	\$11,343,422	\$11,343,422	\$0	

The following depicts an example of the Project Budget scheme used by GTA to collect financial plan data for projects:

	FY1	FY2	Total
	2010	2011	
Project Costs - State Costs			
Personal Services for Additional Staff (300)	\$0	\$0	\$0
Regular Operating and Travel (301)	\$150,000	\$0	\$150,000

Consolidated Enterprise IT Fiscal Oversight

IT Equipment > \$5,000 (304)	\$0	\$0	\$0
IT Expenditures - Computer Charges (305)	\$0	\$0	\$0
IT Expenditures - GTA Billable Charges (305) (includes IV&V, Unique Security Controls, Security Assessment, Backup, Disaster Recovery, Business Continuity)	\$0	\$0	\$0
Rent - IT Real Estate Rentals (306)	\$0	\$0	\$0
Voice/Data Communications (307)	\$0	\$0	\$0
Capital Outlay (309)	\$0	\$0	\$0
Contractual Services (312)	\$0	\$0	\$0
Total State Project Costs	\$	\$	\$

The total cost of ownership over a 5-year period is also requested.

6. Appendix – Budget Activities Timeline and Action

There are two state agencies committed to ensuring that all Georgia executive agencies’ annual operating budgets have the correct funding and that funding is spent according to the Appropriations Bill as signed by the Governor. These are The Governor’s Office of Planning and Budget (OPB), and the State Accounting Office (SAO).

According to the OPB Web site on Georgia.gov:

“The Office of Planning and Budget (OPB) was formally enacted to serve the Office of the Governor as a budget and planning unit through the Executive Reorganization Act of 1972. OPB provides valuable, accurate, and timely information to the Governor and other decision-makers as part of a continuing effort to improve the operation of state government.

“Each year, the Governor, as the state’s budget director, is required to present to the General Assembly a recommended state budget for the upcoming and amended fiscal year. Prior to submitting the proposed budget, OPB analyzes agency budget requests and policy issues, and develops comprehensive budget recommendations for the Governor’s review, from which the final recommendations are brought to the legislature for consideration. OPB submits this budget recommendation in a prioritized budgeting format, a programmatically and results-oriented presentation of funding requirements.

“Each agency in the executive branch must submit an annual operating budget to OPB prior to the beginning of the fiscal year (July 1 – June 30). OPB reviews these spending plans for compliance with the approved appropriation acts, and continually monitors the expenditures of these agencies as part of ensuring sound policies for fiscal stewardship.”¹⁸

In practice, agency budgets follow this timeline:

Date	Action
August	OPB communicates budget instructions to executive agencies
September 1	Agency submits budget plan to OPB
January	Governor submits budget recommendation based on agency budget

¹⁸ Provided in “Agency Overview” section of the Governor’s Office of Planning and Budget public web site (<http://www.opb.state.ga.us/home.aspx>).

Consolidated Enterprise IT Fiscal Oversight

Date	Action
	plans and upcoming fiscal year revenue estimate
April	Legislature approves budget (Generally this happens in April, but could happen anytime during the legislative session.)
May	Governor signs appropriations bill (Generally this happens in May, but Governor must sign within 30 days of the passage of the legislature).
May 31	Agency submits Annual Operating Budget (AOB) to OPB using programs, object classes and account codes
June 30 (or sooner)	OPB reviews agency AOB to ensure conformity with the signed appropriations bill
July 1 (or sooner)	Agency enters AOB into PeopleSoft at the program, department, object class, and account level (required to begin spending toward budget in the new fiscal year)
As needed	Agency submits budget amendments to OPB to move spending within programs

7. References

Bourdeaux, Carolyn, *An Analysis of the Implementation of Program Budgeting in Georgia*, FRC 147 (March 2007), <http://aysps.gsu.edu/frc/files/report147.pdf> .

Governor's Office of Planning and Budget public web site "Agency Overview."
(<http://www.opb.state.ga.us/home.aspx>)

Hackett Group, Hackett Group report presented to The State of Georgia on August 23, 2007, page 9.

Hinton, Russell W., Independent Accountant's Report on Applying Agreed-Upon Procedures, Russell W. Hinton, State Auditor. (Contained in: State of Georgia Budgetary Compliance Report for the Fiscal Year Ended June 30, 2009, Prepared by the State Accounting Office.)

The Computerworld Honors Program: Honoring those who use Information Technology to benefit society, Dept of Health and Human Services, 2008.
(<http://www.cwhonors.org/viewCaseStudy2008.asp?NominationID=700>)

The Computerworld Honors Program: Honoring those who use Information Technology to benefit society, Commonwealth of Pennsylvania - Office of Administration, Office for Information Technology, 2009.
<http://www.cwhonors.org/CaseStudy/viewCaseStudy2009.asp?NominationID=124&Username=PeNNC>)

The Pew Center on the States, "Trade-off Time: How Four States Continue to Deliver," February, 2009.

The Pew Charitable Trusts, "Policy Framework to Strengthen State Government Planning, Budgeting and Accountability," March 2010.